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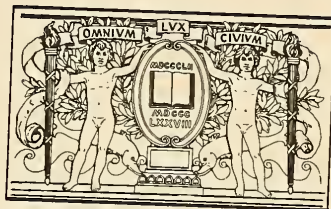
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July 18, 1979

THE ADMINISTRATION OF MASS. GENERAL LAW CHAPTER 121A BY THE  
CITY OF BOSTON AND THE BOSTON REDEVELOPMENT AUTHORITY

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## TABLE OF CONTENTS

Introduction . . . . .	1
Background on Mass. Gen. Law Chapter 121A. . . . .	2
The Past Administration of Chapter 121A in Boston. . . . .	5
The Application Process . . . . .	6
Negotiation of the 6A Contracts for Payments-In-Lieu-Of-Taxes . . . . .	7
The Monitoring of Payments-In-Lieu-Of-Taxes . . . . .	13
New Rules and Regulations Governing Chapter 121A Projects in Boston. . . . .	15
Evaluation of the Administration of Chapter 121A Since the Moratorium Was Lifted . . . . .	21
Analysis of the City's Goals and Assumptions in Using Chapter 121 to Promote Private Investment. . . . .	24
Recommendations. . . . .	30



## INTRODUCTION

This study was undertaken to evaluate the administration of urban redevelopment under Massachusetts General Laws Chapter 121A by the Boston Redevelopment Authority and the City of Boston. This law has been used extensively in Boston over the past two decades to provide incentives in the form of lower and more certain property tax payments for real estate development. It is clear that Chapter 121A has made possible substantial private investment in downtown redevelopment and in subsidized housing throughout Boston. Development that might not have been possible without Chapter 121A or some other form of tax incentive has been able to proceed because of it. Chapter 121A has also proven to be an effective planning tool which allows the BRA to take an active role in the planning of most new development projects in the city. However, since the payments in-lieu-of-taxes paid by Chapter 121A corporations are generally below what would be paid under standard assessing practices, it is important to address the administration of Chapter 121A by the city and the BRA and the impact that tax incentives have on the city's real property tax base. If the city is to continue to foster development through the use of Chapter 121A, the program should be administered so that its results are impartial and so that it receives the maximum revenue possible from 121A corporations.

The Finance Commission originally intended to conduct an evaluation of the administration of the 121A process and also to audit certain 121A Urban Redevelopment Excise Returns and additional in-lieu-of-tax payments made to the city under the provisions of agreements reached under Section 6A of the Chapter. The administrative side of our investigation follows in this report. However, we have been unable to perform the audit function. The Finance Commission subpoenaed financial records (121A excise returns) from the Assessing Department, the State Department of Revenue and the Boston Redevelopment Authority. The records were not produced and the Finance Commission has filed a motion to compel the production of those documents in Suffolk Superior Court. The motion was filed on March 28, 1979 and no decision



has been reached. If the Court determines that the documents must be produced then we will audit those records and issue our findings.

#### BACKGROUND ON MASS. GEN. LAW CHAPTER 121A

Chapter 121A of Massachusetts General Laws authorizes cities and towns to grant favorable tax treatment to Urban Redevelopment Corporations involved in the development of projects in areas considered to be open, blighted, and decadent. Since 1960, this law has been used by cities and towns to foster both residential and commercial development. In Boston, inconsistent assessment practices and high taxes creating an unstable economic climate, especially in the 1950's and early 1960's, made developers hesitant to build without some guarantee of tax stability. In addition, the city had reneged on an agreement with the John Hancock Life Insurance Company and there was a concern among potential developers about the city's willingness to stick to long-term arrangements. Since the in-lieu-of-tax payments made to the city under Chapter 121A have traditionally fallen below current property tax levels, and are guaranteed for a specified period of time, the determination that a corporation will be an Urban Redevelopment Corporation under Chapter 121A has become the primary incentive offered by the city to encourage private development.

Prior to 1961, Chapter 121A pertained to only residential developments. However, when Prudential Insurance Company was interested in developing a large parcel of land for commercial purposes, (land which had previously housed the Penn. Central railroad yards), it sought a legally-binding tax commitment from the city because of the economic risk involved and the high property tax rate. As a result of Prudential's effort and city and state interest in the project, Chapter 121A was amended in 1960. The amendment extended coverage of the chapter beyond residential to commercial development and added a new section, Section 6A, which provides that the city may enter into a contract with the developer to receive annual payments in addition to those due under the excise paid to the Commonwealth as specified under section 10 of the statute. In August of 1961, the BRA approved Prudential's



application for Chapter 121A status. Since then, out of a total of 97 121A entities that have been created in the City of Boston, nine developments are commercial developments and 20 are combined residential/commercial. (See Appendix A)

The intent of Chapter 121A is to stimulate investment of private capital in blighted open, decadent, or substandard areas. As a result of the 1960 amendment which increased the scope of Chapter 121A to include what were once inadmissible sites, a "blighted open area" is now defined as a "predominantly open area which is detrimental to the safety, health, morals, welfare, or sound growth of a community because it is unduly costly to develop it soundly through the operations of private enterprise." A "decadent area" is one which is considered to be detrimental to the sound growth of a community because the buildings on it are out of repair, deteriorated, obsolete, or generally uneconomical to maintain.<sup>1</sup> As will be discussed later in this report, these definitions can be, and in fact have been broadly construed by the City of Boston.<sup>2</sup>

Under Chapter 121A, the Urban Redevelopment Corporation makes payments in-lieu-of-taxes in two forms.<sup>3</sup> One payment is an excise tax that is made to the Commonwealth and is reimbursed in full to the city in which the project is located. This payment, made under Section 10 of Chapter 121A, amounts to the sum of the following: an amount equal to 5% of its gross income in the preceeding calendar year from all sources plus the larger of an amount equal to (a) \$10 per \$1,000 of fair cash value of the property or (b) the average of assessed valuations of the land and all buildings of the three years preceeding the acquisition of the land multiplied by the current

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<sup>1</sup> M.G.L. Ch. 121A, s. 1.

<sup>2</sup> The determination of whether a given piece of property is open blighted, decadent, or substandard has been ruled by the Supreme Judicial Court to be a legislative determination that the court will not review.

<sup>3</sup> M.G.L. Ch. 121A provides that a project may be undertaken in an eligible area by an Urban Redevelopment Corporation under the Chapter or by an Insurance Company or savings bank. Hereafter, Urban Redevelopment Corporation will refer to all entities eligible under Ch. 121A.





tax rate.

In addition to the excise paid to the Commonwealth, Section 6A of Chapter 121A allows that the city may enter into a contract with the corporation for payments in-lieu-of-taxes directly to the city's Collector-Treasurer. The amount of these payments is not set by law but is based on an amount negotiated by and between the city and the developer. Generally, the payments made to the City of Boston have ranged from 20% to 23% of effective gross income for commercial developments and 15% to 18% for residential developments. (These figures include payments made to the Commonwealth and reimbursed to the city under Section 10).

Originally under Chapter 121A, the tax exemption and the in-lieu-payment requirement were in effect for 40 years subsequent to the organization of the corporation. However, an amendment adopted in 1975 reduced the exemption period from 40 years to 15 years but provided that the 15-year period could be extended to 40 years if sufficient amenities were built into the project. The City of Boston, in its new guidelines, has adhered to the 15-year term in all subsequent 121A's.

Chapter 121A Corporations are limited dividend corporations. Prior to 1975, the return on investment of an urban redevelopment corporation was limited to 6%. Because of changing economic conditions, this was changed to 8% in 1975. Section 15 defines the deductions that 121A Corporations may take in arriving at gross receipts or net income after deductions. The section provides that if gross receipts exceed allowable return on equity (8%), additional payments to the city are to be made by the redevelopment corporation to the extent that net income exceeds 8% (or 6% of the equity investment for older 121A Corporations). Although this limitation would appear to substantially reduce the profits of a Chapter 121A Corporation, according to records kept by the Collector-Treasurer, no corporation has ever made a payment to the city under Section 15.

Under Chapter 121A, the developer who fails to make the 8% return on investment in one year can make up the difference in later years when his returns exceed the limit.



The low return experienced during the initial years of the project, therefore, can be accumulated and made up later on. Because of the deductions allowed under Section 15 (which include depreciation and amortization) many 121A corporations have accumulated deficiencies. For example, according to statements submitted by Prudential Insurance Co. to the Commissioner of Insurance, not only has it never reported a return of as much as 6% on its investment, but it also has claimed accumulated deficiencies in its returns of over \$100 million. Thus it is unlikely that Prudential will ever have to make a payment to the city under Section 15, no matter how high its return on investment climbs during the remainder of its 40-year contract period.

Chapter 121A provides the city with a mechanism to develop commercial projects and needed residential complexes. Generally, subsidized residential construction requires 121A protection because without it, such development simply would not be possible. Commercial development, however, is another matter. There are certain 121A commercial developments which exist in the City of Boston because they have made Boston their headquarters. As such, with or without the promise of a 121A agreement, they would not be likely to relocate. There are other projects, however, for which Boston must compete. Because of the property tax situation in the city, Boston does need some sort of negotiating mechanism. Other major cities do not have such a reliance on the property tax, yet they offer tax incentives as inducements for development. Suburban communities, although they do not make significant use of Chapter 121A, do agree to tax deals as incentives for development. Boston therefore, must contend with competing areas in the promotion of development.

#### THE PAST ADMINISTRATION OF CHAPTER 121A IN BOSTON

Before 1978, the city lacked a formal process for administration of urban redevelopment under Chapter 121A. The BRA was responsible for the initial application process, the Assessing Department and the BRA were jointly involved in negotiating the 6A contracts between the developers and the city, and the Collector-Treasurer



was responsible for collecting payments-in-lieu-of-taxes, but the weak lines of communication between city departments resulted in much confusion about what each department actually did. As a matter of fact, after having reviewed the history of Chapter 121A agreements it is apparent that no current employee of the BRA or the Assessing Department has a clear idea about how Chapter 121A developments were administered in the past. There is little doubt that the process of negotiating 121A agreements weighed more heavily in the direction of the developer than toward the city. In addition, whereas the terms of those agreements were then 40 years, mistakes were far more costly than they are now.

### The Application Process

The BRA has always been responsible for reviewing the application of a 121A corporation. As part of the process, it was, and still is required to hold a public hearing on each proposed project and "prepare, adopt, and make open to public inspection a report approving or disapproving the application and setting forth its reasons for approval or disapproval." (G.L. ch. 121A, s. 1 as amended).

Because no BRA employee was assigned the responsibility for coordinating this process, and because the review process was so informal, the BRA now holds little information concerning developers who went through the early stages of the application process but who, for whatever reason, did not complete the process. The problems surrounding a project were worked out verbally prior to the formal submission of the application. Once an application was officially submitted, it was almost always approved by the BRA Board. In fact, since 1972, only three projects have been disapproved; two have been tabled. (See Appendix B). If there were developers who were interested in a 121A agreement but who were discouraged from submitting a formal application, there are no records to indicate that that was the case.



Negotiation of the 6A Contracts for Payments-In-Lieu-of-Taxes

Under section 6A of Chapter 121A, the city may enter into a contract with the developer which provides for payments in-lieu-of-taxes over and above the excise payments due under section 10. Before 1978, there were no set guidelines regarding the negotiation of these payments. Both the BRA and the Assessing Department were involved in negotiating 6A contracts but it is difficult to determine exactly which department set the terms of each specific contract, though James Greene, the key person in the Assessing Department at the time, told the Finance Commission that the Assessing Department set the terms of the tax agreements. Generally, developers would give the financial and market information to the BRA which would then analyze the information and make recommendations to the Commissioner of Assessing. However, according to Stuart Forbes and Charles Speleotis, key staff members at the BRA who were involved with 121A developments at the time, the Assessing Department did not always consult with the BRA on the terms of the 6A contract.

The original Prudential 6A agreement set a standard for future 6A contracts and was based on a proportionate returns method of arriving at payments to the city. Under this method, taxes were calculated to be equal to the net income of a project minus a return to the developer proportional to the return which was drawn by comparable projects. For Prudential, this approach was based on the following estimation of project costs and revenues:

Cost of projects	\$100 million
Gross income	\$ 15 million
Operating and Maintenance Costs	\$ 5 million
Net income	\$ 10 million
Rate of return	7%





Based on these figures, a return on investment of 7% equalled \$7 million. Subtracting this from the net income left \$3 million for taxes. In this case, \$3 million was equal to 20% of the gross income of the project.

Although the original intention was to do the same type of calculation for all projects, the 20% of gross income figure became the initial standard used for calculating all in-lieu-of-tax payments to the city under Section 6A. The application of a straight percentage of gross income, however, created certain problems. Since the method of calculating gross income differed from project to project, developers of Chapter 121A projects received different rates of return on their investments. (Certain deductions, for example, such as operating costs which are passed on to tenants, could be taken under some 6A contracts but were not allowable under others.) The use of inconsistent methods of arriving at gross income and the application of a straight percentage figure of gross income for calculating payments to the city resulted in unequal tax liability for developers even within the class of 121A corporations, forcing some developers to pay a higher effective rate than others.

In some cases, such as Prudential's contract, the definition of gross income under section 10 and that under section 6A are different. Thus, the income reported to the Commonwealth for excise returns and the income reported to the city for payments-in-lieu-of-taxes may be different. The extent of this difference can be illustrated by the statements submitted by Prudential to the Commissioner of Insurance. In 1979, Prudential reported gross income of \$29,201,736 to the state under section 10 of Chapter 121A. \$956,327 was deducted from the reported gross income (to the state) in arriving at the gross income reported to the city due to differences in the calculation of the rental charge for space occupied by Prudential in its own project. Additionally, because of allowable deductions in its 6A contract with the city which permitted Prudential to subtract operating expenses paid by the tenants, \$2,912,535 was deducted to arrive at the gross income for the city. As a result of these



deductions, the gross income reported to the city under section 6A was only \$25,332,874. Had Prudential used the same definition of gross income which was reported to the state, the city would have received an additional \$773,772 in 1979 alone.

In addition to problems resulting from the definition of gross income are the losses incurred as a result of the use of deflated rental schedules used to calculate gross income. When the developer of a 121A project would occupy space in his own building, rental rates would be set up in the 6A contract based on the "imputed rent" of this space. These particular 6A contracts, however, differ from one another with respect to the method of calculating gross income. Some, such as the contract for the Charlestown Savings Bank, include a rental schedule which was subject to change every three years in accordance with the fair market value of comparable space. Others, such as the 6A contract for Commercial Union (One Beacon Street) set a flat rate for the space occupied by the developer. The 6A contract for Stone and Webster Engineering escalates rental rates over the term of the contract. In general, gross income for those buildings where the developer himself is a tenant is based on "imputed rents" projected at the time of application rather than on market rates for comparable space at the time the building is leased. Since the rental rates used to calculate gross income are usually below market rents, the payments made to the city under the 6A contracts do not accurately reflect the value of the buildings to the developers.

The 5A contract between the City of Boston and Stone and Webster, which was approved in 1973, is one example of the losses that the city has incurred because of underestimated rental rates. This corporation, which occupies the building which was built under a 121A agreement, has a 6A contract in which the following rental schedule was set:

First 5 years	\$ 9.00 per square foot
Next 5 years	\$ 10.00 per square foot



Next 5 years	\$ 11.00 per square foot
Thereafter	\$ 12.00 per square foot

The project, completed in 1976, uses these figures to calculate its gross income for payments in-lieu-of-taxes to the city.

Although at the time that the 6A contract was negotiated the BRA was content that Stone and Webster had agreed to the escalation of the rates over time, the current use of the set rental schedules for the calculation of gross income seriously underestimates the market value of the building. Stone and Webster will use the figure of \$9.00 per square foot to arrive at gross income for year 1976-1981. However, in that period of time, market rents for comparable space will be substantially above this figure. According to the "Office Industry Survey: Part II" recently completed by the BRA, the average market rents in new office buildings in downtown Boston were \$10.14 per square foot in June of 1977 and \$12.49 per square foot in November of 1978. Similar rapid rent increases in prime office space in Boston are expected to continue because of increasing demand in the market. The following illustrates the impact which the use of set rental rates by Stone and Webster has on the payments in-lieu-of-taxes to the city.

	Current Rate as Stated in 6A Contract for 1978	1978 Market Rents for Comparable Space
Rate per square foot	\$ 9.00	\$12.50
Available office space	799,819 square feet	799,819 square feet
Gross income	\$7,198,371	\$9,997,737
% of Gross Income in 6A Agreement	23%	23%
Payments in-lieu-of-taxes to Boston	\$1,656,625.33	\$2,229,479.00

If the market rents for comparable space had been used to calculate gross income, the city would have received an additional \$643,854 in 1978 alone. The escalation clause in the 6A contract holds that after 15 years the maximum of \$12.00 per



square foot shall be reached. Yet, only two years after the completion of the building, market rates have already reached this point.

The 6A contract with the Charlestown Savings Bank also sets the rental rate for space occupied by the owner of the project. However, the contract stipulates that the rate per year per floor shall be adjusted every three years in accordance with the fair market value of comparable space in comparable buildings in downtown Boston. According to its 6A contract with the city:

The phrase "gross income of the Project" as used herein shall be deemed to mean the aggregate of the following:

(1) The gross rentals from the Project received by the Owner or any subsidiary of the Owner from any tenant other than the Owner or a subsidiary of the Owner, and

(2) A sum for each square foot of net rentable area (exclusive of parking area) occupied for a 12-month period by the Owner or any subsidiary of the Owner computed at the rate per year for each respective floor in the Project set forth below or a proportional part thereof for any portion of the 12-month period. (For the purposes of this subparagraph 2, the net rentable area of each floor shall be set forth below.)

Floor	Rate Per Year Per Net Rentable Area	Net Rentable Area in Square Feet
Basement	\$ 3.50	7,176
First	22.50	12,873
Second	12.00	8,986
Third	9.00	11,650
Fourth	9.00	11,144
Fifth	9.00	11,650
Sixth	9.00	11,144
Seventh	9.00	11,650
Eighth	9.00	11,144
Ninth	9.00	11,650
Tenth	9.00	11,144





Currently, the Charlestown Savings Bank occupies floors 1-7 of the building. According to the Bank, all of the space on floors 8-10 will be occupied by August of 1979. The rental rate quoted by the Bank for this space is \$10-12 per square foot. Thus, Charlestown Savings Bank is able to calculate the gross income on the space which it occupies based on \$9 per square foot while the market rent for the exact same space in the same building is between \$10-12 per square foot. Clearly, the payments made to the city do not accurately reflect the market value of the building. Despite the provision in the 6A contract requiring that the rate per year per floor occupied by the owner shall be adjusted every three years, the Commissioner of Assessing told the Finance Commission that she is not aware of any 6A contracts that require rental rate adjustments. Because of the rapid increases in market rates for comparable space, it is critical that the city enforce the 6A contract and insure that the true fair market value of such space is determined by a qualified real estate appraiser.

Another example of the impact which setting rental rates on space occupied by the developer has on payments to the city concerns Commercial Union, the developer of One Beacon Street. Commercial Union occupied approximately one-half of the rentable space in the building which was developed under Chapter 121A. The rental rate set in the 6A contract for this space was \$4.00 on the first floor, \$7.64 on the 2-16th floors, and \$8.00 per square foot above the 16th floor. These rates were set for the 40 year term of the 6A contract. In 1977 Prudential Insurance Company applied to the BRA for a 121A agreement in order to buy the building from Commercial Union. Prudential offered to raise the rent for the space Commercial Union used to between \$12.76 and \$14.33 per square foot, an almost 100% increase. In March of 1978 the BRA approved the 121A application of Prudential. In its report of approval it noted that the change in ownership will allow the city to receive increased payments in-lieu-of taxes in an amount estimated to be \$650,000 in the first year. Such a notation illustrates that



the previous rates used by Commercial Union to calculate gross income were seriously deflated. Despite the fact that it approved a new 6A contract with Prudential for One Beacon Street which again allows the developer to calculate gross income on a flat rate (12.76 and \$14.33 per square foot) for the next 15 years, the new 121A provides major advantages when compared with the former 121A agreement with Commercial Union. First, the city will collect an additional \$650,000 per year. Also, the 40-year agreement has been reduced to a 15 year agreement. Finally, Prudential is subject to new reporting requirements under the 121A guidelines now in place.

Prior to the 1975 amendment, the city was locked into 40 year agreements, many of which were shortsighted and not in the city's best interest over the term of the agreement. Because of problems in the definition of gross income and in the method of calculating "imputed rents" in major commercial projects, the city lost a good deal of potential revenue from 121A corporations. Not only were payments-in-lieu-of taxes held stable in spite of an increasing tax rate, but also 121A corporations which made payments based on "imputed rents" were making progressively lower payments due to the impact of inflation.

#### The Monitoring of Payments in-Lieu-of-Taxes

The most significant problem with the administration of Chapter 121A in the past was that the city failed to evaluate the financial statements submitted by Chapter 121A corporations to see if it was collecting its full share of the in-lieu payments. An audit of the BRA conducted by the State Auditor (1-1-77/6-30-78) found that "Poor monitoring functions (e.g. filing and examining of financial statements of approved corporations by the BRA) as outlined in Chapter 121A and the BRA Rules and Regulations governing these projects were found to be either lax or non-existent with respect to the five corporations examined." In Chapter 121A and Tax Letters of Agreement: An Analytical Evaluation," which was prepared in 1977 by Peter Menconeri of the BRA,

It appears, at the present time, that the city administration does not collect sufficient information nor performs adequate analysis or monitoring of the financial operation of existing 121A's or Tax Letters of Agreement to insure that the city receives



the full real estate tax...as specified in the negotiated agreement...As a result, in FY 1976, the city failed to collect an estimated \$5-7 million in potential tax revenues.  
(emphasis added)

Because the city failed to monitor the income generated by a project, and all other financial information for that matter, there was and still is no way of knowing if Chapter 121A corporations have complied with their 6A contracts.

There are two reasons why there was never an attempt to audit 121A corporations:

(1) There has been confusion within the various city departments and agencies over who has responsibility for monitoring the payments made to the city. Until very recently, the BRA assumed that the Assessing Department was monitoring the payments. The Assessing Department, according to Commissioner Barbara Cameron, believed that the monitoring of 121A corporations was the responsibility of either the State Department of Corporations and Taxation or the Collector-Treasurer.

(2) It was assumed that the financial reports submitted by the developers were correct since they were prepared by Certified Public Accountants. The problem with this assumption lies in the ambiguity of many of the terms in the 6A contracts. Certain terms are subject to different interpretations which could work for or against the city. Unless monitored, there is no way of (a) knowing on what basis the payments have been calculated, and (b) if the city has been shortchanged by misinterpretation of the terms.

Several city departments were aware that there were problems regarding the collection of payments from Chapter 121A corporations. In August of 1974 James Greene, the person with the delegated responsibility in the Assessing Department for Chapter 121A corporations, informed Commissioner of Assessing at the time, Bernard Shadrawy, that, "The problem that now exists is that there is no authority in this department to demand payment." At that time, the only role performed by the Collector-Treasurer was to maintain a Revenue Ledger which detailed all Chapter 121A revenue. The Collector-Treasurer also did not have the legal authority to issue demand notices to 121A corporations.



In spite of the problems that were then recognized, the city took no action regarding the existing financial and administrative controls established to monitor 121A corporations. However, in the summer of 1977, Deputy Mayor Young requested that John Iles, the Director of Internal Audit, look into the problems involving payments by Chapter 121A corporations. Iles decided to undertake an audit of all 121A corporations since the inception of the Act. In a memo to the Commissioner of Assessing dated November 9, 1977, he stated that it was brought to his attention that certain problems exist regarding Chapter 121A corporations. He wrote, "The problems include, but are not limited to, lack of routine procedures for reviewing payments, issuance of demand notice for non-payment, compliance with contract terms, etc."

The staff of the Auditing Department began the task of auditing the 121A corporations. The first step was to obtain all of the 6A contracts. Requests were made to the Assessing Department for the 6A contracts but all of the contracts requested were not received. Some were incomplete. The PRA was also contacted and they sent all the 6A contracts which they had in their possession. According to John Shea, the staff person assigned to the audit by the Auditing Department, no one in the city was able to supply him with a complete set of 6A contracts. In addition to the 6A contracts, the Auditing Department requested the financial information submitted by 121A corporations to the Assessing Department. Because of the lack of cooperation from the Assessing Department in furnishing required documents as well as a lack of administrative support, the auditing of Chapter 121A corporations by the Auditing Department was shelved. Since that time, there has been no attempt by a city department to audit any 121A corporations to assure that their payments to the city were in compliance with the 6A contracts.

#### NEW RULES AND REGULATIONS GOVERNING CHAPTER 121A PROJECTS IN BOSTON

In response to the public criticism surrounding the city's tax losses due to the loose monitoring and informal regulation of Chapter 121A corporations,





the mayor called a year-long moratorium on the granting of 121A agreements in 1976. Ending the moratorium on November 21, 1977, the mayor promised to tighten up the process of granting 121A's, shorten the period of benefits to 15 years, escalate tax payments after initial construction and development costs, monitor the applicant's income, and set up a special committee to evaluate the agreements. This committee, called the "Technical Advisory Committee" was composed of representatives from the business community, the BRA, other city departments, and Massachusetts Fair Share, and responded by drafting new rules and regulations to govern the 121A process in Boston. The new Rules and Regulations encompassed a sophisticated review process within the BRA, made additional demands during the application process, and set up a format for the negotiation of tax agreements. On June 22, 1978, the BRA Board approved the new rules and regulations and the mayor approved them on July 12, 1978.

These changes brought on the implementation of a formal review process within the BRA. (See Appendix C). One BRA employee, a 121A coordinator, will now have sole responsibility for coordination of the entire application process. Different departments within the BRA will be called upon to review all proposals and to issue a report of their findings. A timetable for this review has been set up and all information respecting 121A applications is said to be available to the public. Now, under the new Rules, "The Director's office shall maintain an up-to-date record of all proposals that have been submitted for preliminary review. This record will be available for public inspection during normal working hours." In general, the new rules provide for a much more comprehensive review of all 121A applications and require that many departments within the BRA become involved in the evaluation of the proposals.



In addition to the changes in the actual review process, the new rules require the developer to submit much more information about the proposed project. The application process is far more rigorous as developers must provide full documentation of estimated development costs, rent structures and anticipated rent-up schedules, a financial and market analysis of the project, estimated operating expenses, and the terms under which the project is expected to be financed. The impact of the development on the city is considered and the developer must address the issue of whether the proposed development constitutes a "Public Use and Benefit." The new rules also point out that the Authority is interested in whether the project has the support of the community, the number and types of jobs generated by the proposed development for residents of Boston, and the general economic spin-off benefits of the project. Greater documentation is required of the developer to show that the proposed area is "blighted and decadent", and that development is not possible without 121A status. In sum, the developer must prove that his project is both financially feasible and beneficial to the city.

In response to the BRA report which discussed the city's losses due to poor monitoring of 121A corporations, the new rules and regulations call for a considerably closer look at payments to the city by the Collector Treasurer. The monitoring of the developer's financial data is supposed to become a critical element of the 121A process. Developers are now required to submit a certified public accountant's statement and a profit and loss statement annually.

In addition:

The 121A entity shall keep and maintain at all times during the period of years approved by the Authority, accounting records conforming to generally accepted accounting principles in which shall be recorded all sums from time to time invested in the project or comprising any part of the cost thereof. The 121A entity shall file each year with the Authority and Collector Treasurer's Office financial statements on the operation of the project which shall include audited reports by a Certified Public Accountant detailing all rental and other income, operation cost, a statement of profit and loss for the 121A corporations, a balance sheet, a statement of disposition of funds for the preceeding year



and a certified copy of the urban redevelopment excise return, as submitted to the State Department of Corporations and Taxation.

Furthermore, the City or Authority can make an annual audit of all financial records pertaining to the operation of the project, under its 121A status, and can engage the services of a private accounting firm to undertake such an audit.<sup>1</sup>

However, although the new procedures relating to monitoring the financial aspects of 121A projects substantially increase the power of the city to assure itself that 121A corporations comply with the terms of their 6A contracts, it is the implementation of those procedures that is critical. To date, the city has not performed even one audit. Collector Treasurer Lowell Richards is in the process of establishing a two or three person team which, as part of their duties, will review and analyze payments by 121A corporations as they are collected. In addition, proposals are being prepared which are to result in an accounting firm being engaged to perform the auditing function of 121A corporations. There is no decision as to how many contracts will be audited or whether or not past years figures will be reviewed. Richards explained that if they do go back in time then it makes the most sense to look at the non-residential 121A's.

An important change in the 121A application and review process, one that has the potential to have a substantial impact on payments to the city, is the formation of new guidelines which relate to the 6A agreement between the developer and the city. Under the new review process, the Development Department within the BRA is responsible for "determining whether the project is financially feasible by taking into consideration the financing terms, the terms of the 6A contract, the projections for the cash flow of the project, and any other financial consideration."

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<sup>1</sup>Boston Redevelopment Authority, Rules and Regulations Governing Chapter 121A Projects in the City of Boston, June 22, 1978.



It is this department which first makes an initial review of the project and if it is determined that the project meets the basic criteria for 121A designation, it then begins to negotiate the terms of the 6A contract with the developers. A special committee, the 121A Review Committee, made up of BRA Director Robert Ryan, Vice Mayor Edward Sullivan, and Deputy Mayor James Young, with the technical assistance of the Special Advisory Committee, reviews the financial information submitted by the BRA and the developer, negotiates the specific terms of the 121A agreement, including the terms of the 6A agreement, and makes appropriate recommendations to the BRA Board. The goal of this new process is to strengthen the bargaining position of the city in negotiating tax agreements with developers. Under the new guidelines, projects have been classified by type: residential, commercial, mixed use, hotel, and industrial. Standards have been set for 6A contracts for each class of development. Under these new guidelines, the tax agreements are negotiated based on sophisticated financial analyses. The economic figures presented by the developer are run through a computer program which analyzes the cash flow potential of the development and the rate of return that should be expected. Even federal income tax deductions are considered as part of the analysis. This process allows the city to have a clear idea of how much the developer is able to pay to the city in-lieu-of-taxes without damaging the financial feasibility of the project.

In the past, 121A corporations, as well as being immune to changes in the city's tax rate, were also less affected than others by changes in the general economic climate. Section 6A contracts generally did not account for the fact that most of the risk involved in a project is in the early years and that therefore, the need for a tax subsidy is not as great later on. Under the proposed new guidelines on tax agreements, the taxes paid to the city will generally increase as the financial stability of the development is strengthened. As a result, the developer of an office building covered by a 121A agreement, instead of paying a straight 23% of effective gross income (EGI) that he would have paid





in the past, will now start off paying 23% of EGI but will eventually be paying as much as 32% of EGI. Payments in-lieu-of-taxes will therefore be more in line with payments made by older commercial buildings under standard assessment practices. The amount of subsidy in the later years of a project will be substantially reduced. Residential developers, both subsidized and market, will also pay a greater percentage of their income to the city and their rates will also escalate over the 15 years of the 121A agreement. According to the BRA draft of guidelines for determining the payment in-lieu-of-taxes, there will be "predetermined annual increments in the initial base rate up to an established maximum level," and the "increment in the rate after the fifth year would be tied to increases in the city's property tax rate."

It should be noted that the drafted guidelines were never accepted as formal parameters for Section 6A contracts by the Tax Review Committee. However, the BRA staff and the Mayor's 121A Review Committee intended that unless there was considerable risk involved in a project or unless there was something else unique about it which would justify special treatment, developers would conform to the guidelines which had been set up. Peter Menconeri, who is primarily responsible for the initial negotiations and preparations of all relevant material to be reviewed as part of the process, testified before the Finance Commission that he has attempted to stick to them as closely as possible when negotiating with developers of proposed projects.

Deputy Mayor Young explained to us that the new process has worked well. With Menconeri preparing all the necessary documentation necessary to strike a final agreement, the 121A Review Committee is well-prepared and is able to spend its time acting on the gray areas that eventually surface in any negotiations. Young sees the rule of the Committee as more than that of approving or disapproving a previously negotiated agreement. He has told the Finance Commission that the Committee must get involved in the final stages of all agreements and make the difficult decisions of determining the balance of compliance with the guidelines versus the possible loss of a project.



EVALUATION OF THE ADMINISTRATION OF CHAPTER 121A SINCE THE MORATORIUM WAS LIFTED

Although the new guidelines and Rules and Regulations indicate that the city is trying to correct many of the problems which have been associated with Chapter 121A in the past, there remain some questions in assuring the impartiality of the review process or in assuring that the city is receiving the maximum payments in-lieu-of-taxes from Chapter 121A corporations. Except in cases of subsidized housing, guidelines for negotiating 6A contracts are difficult to enforce consistently so that similar properties continue to be taxed on different bases. The new Rules and Regulations, however, have been relatively successful in formalizing the review process within the BRA and in providing standards for the negotiation of 6A contracts.

The following examples indicate that all 121A agreements have not been totally in line with the new guidelines since the lifting of the moratorium in November of 1977:

1) On December 22, 1977, one month after the moratorium was lifted, the BRA Board approved the application for a 121A agreement by 175 Federal Street Associates. A letter signed by the mayor's 121A Review Committee, which set in writing the oral agreement which the city had reached with the developer, was at that time presented to the Board. This letter set the payment in-lieu-of-taxes to the city at 23% of gross income. This was the first 121A approved by the Board since the mayor lifted the moratorium, yet in the tax agreement, there was no indication of any escalation rate, the inclusion of which had been one of the mayor's stated goals. A formal 6A contract was never presented to the Board, and in fact, it was not until July 18, 1978, seven months after the BRA Board approved the project in December, 1977 and at least two years after excavation had begun on the site, that the 6A contract was formally drawn up for signatures by the necessary officials. Although the official 6A contract was not executed until after the new guidelines had been implemented, the city and the developer had renegotiated its terms prior to adoption of the guidelines. In fairness to the city, a decision was made that despite a change in the policy of formulating 121A



agreements, a commitment had been made to 175 Federal Street Associates. Deputy Mayor Young maintains that the previous agreement had to be honored in order to insure credibility in the development process.

2) In November of 1977 the BRA began negotiating the terms of a chapter 121A tax agreement with the developers of Lafayette Place. Robert Walsh, the Director of the BRA at the time, was principally responsible for negotiating the agreement. BRA staff members Stuart Forbes and Peter Menconeri, who were usually involved with the financial analysis of development projects, were not involved with the negotiations. One reason for the deviation from policies structured in the new guidelines is the existence of a Tripartite Agreement in the Lafayette Place project. That agreement conceded far too many financial considerations, minimizing the benefits sought in the 121A process. On December 22, 1977, the terms of an agreement were written into a letter of understanding and signed by the newly formed Mayor's 121A Review Committee. This letter of understanding set terms for the 6A contract which are not beneficial to the city. The payments under this agreement are below the level which the Tax Review Committee is trying to achieve on chapter 121A developments. According to the new informal guidelines for 6A contracts, hotel payments are expected to start at \$800 per room or 4% of room sales after the project is completed and work up to 6% of room sales. The agreement for Lafayette Place has the developer paying only 3% of room sales after the hotel has reached 70% occupancy. After five years, taxes on the hotel will increase to 5% of room sales on the first 75% of occupancy, 6.5% on 75-85% occupancy and 10% of room sales where occupancy exceeds 85%. This agreement, which is not formalized since the 121A application for Lafayette Place has not yet been approved, will undoubtedly have an impact on the negotiation of 6A contracts with developers of other proposed hotels who want an equally lenient agreement.

3) On July 7, 1977, the BRA Board tentatively designated Commercial Building Trust, including trustees Mortimer Zuckerman and Edward Linde, as developer of



the Commercial Block Building. The project involved the rehabilitation of an historic building for luxury housing on the waterfront. The developer sent a letter of interest to apply for a 121A agreement at that time, but because of the moratorium, the matter was not pursued. When the moratorium was lifted, the negotiations began. The BRA's Development Department, responsible for initial negotiations respecting the 6A contract with the developers, made a serious attempt to conform as closely as possible to new guidelines which set the standards of payments for prime market residential development. However, after months of negotiations, they reached an impasse with the developer, who was unwilling to go along with the escalation rate set by the BRA staff. The result of this deadlock was that the Mayor's 121A Review Committee became heavily involved in determining the terms of the final agreement. The terms of the 6A contract were outlined in an official letter to Board Chairman Robert Farrell on July 25, 1978. Under the terms, Commercial Building Trust will pay to the city 30% of its gross income from retail and 20% of the gross income from residential. There is no escalation of this rate unless the total gross income exceeds \$260,000 at which point the developer will pay an additional 10% surcharge. While what was eventually worked out is not substantially different from what the Development Department was seeking in terms of payments to the city and while the terms represent an improvement over the former agreement with Commercial Union, in this case, the terms agreed upon had more to do with the importance of this development to the city than the goals of the new guidelines.

4) On March 3, 1978 the BRA approved an application by Prudential Insurance Company for the purchase of One Beacon Street, a project developed in 1969 as a Chapter 121A development. Although the intention of Chapter 121A is to encourage new development, the BRA approved the 121A agreement which allowed them to purchase a building already constructed. The 6A agreement with Prudential, which was signed





by the tax review committee, did not have any escalation rate as was envisioned in the new guidelines. However, the city is receiving more money from Prudential, has reduced the length of the agreement and will receive financial reports annually.

Attempts to institutionalize the new Rules and Regulations and guidelines for negotiating 6A contracts continue to be made by both the BRA and the Mayor's Tax Review Committee. The more recent 6A contracts represent an increasingly tougher position on the part of the City in negotiating the terms of the tax agreements. It is hoped that the proposed 6A agreement for the Long Wharf Hotel, which conforms to the more stringent guidelines on tax payments for hotels under Chapter 121A which were set up by the BRA and the Tax Review Committee, will set a precedent in the City on all future hotel developments.

#### ANALYSIS OF THE CITY'S GOALS AND ASSUMPTIONS IN USING CHAPTER 121A TO PROMOTE PRIVATE INVESTMENT

As was pointed out earlier in this report, the BRA Board has exercised broad discretion in granting tax concessions to developers under Chapter 121A. Several examples follow:

(1) In March of 1978, the Board approved the application for a 121A agreement for Exeter Tower Associates, a project which includes luxury housing and commercial space for a highly marketable lot on Newbury Street in Boston's Back Bay. While the developers claimed that this site, presently used as a parking lot was blighted, at the public hearing on this project in January of 1978, Kevin Fitzgerald, the owner of the abutting lot said, "I do not believe that one parcel in a particular neighborhood may be declared blighted without other parcels adjacent thereto, or elsewhere in the neighborhood, being considered the same, therefore receiving the same benefits under the law." Local taxpayers in this prime commercial and residential area, who are paying between 30-35% of their gross income on real estate taxes, were critical of the city's decision to grant a tax concession to the developers of this profitable lot.

(2) The BRA recently granted tentative approval of the 121A agreement for Boston Urban Associates for the rehabilitation of Commercial Block for luxury



housing. Again, as in Exeter Towers, this project is located in an area with a very high market demand for luxury housing. Here the financial risks are minimal and the public benefit to be gained from the subsidy is questionable.

(3) The new hotel to be built on Long Wharf will receive a 121A agreement, even though in an advertisement soliciting proposals for the parcel, the BRA stated, "the site is in a prime location overlooking Boston Harbor at historic Long Wharf, opposite the new Waterfront Park, near the financial district and restored Faneuil Hall." Robert Walsh, former Director of the BRA told the Finance Commission that some developers had gone so far as to say that Long Wharf was the best hotel site on the East Coast.

(4) The developers of One Beacon Street, which they described as a "decadent area" in their application, received a large subsidy from the City's 121A approval. Yet, an advertisement for space in the building described the site as:

Right along we've been saying this handsome 40-story tower is at the best location in Boston. One minute from two subway stations, surrounded by finance, business, the State House, Court House, City Hall, parking, shopping, hotels, restaurants, a theater, greenery, and history. Can't ask for much more than that.

The question of whether or not the exercise of broad discretion has been in the best interest of the city's taxpayers has never been adequately addressed. In granting 121A status to developers, the city has assumed that new residential and commercial developments are beneficial to the City and that without the tax agreements under Chapter 121A, these projects would not be built. Indeed the need for residential development, especially for subsidized and elderly housing, could probably not be met through the mechanisms of the free market. While the tax certainty and subsidy under Chapter 121A are clearly critical for promoting private developers to invest in risky residential developments, it is more difficult to justify the assumption that many of the commercial developments and luxury housing developments cannot be built under free market conditions. In recent years, the city has had a steady absorption rate for office space and with



the expanding service economy, office space is in high demand. In fact, according to a recent BRA report on office space in Boston it was found that there will shortly be a critical shortage of office space in the downtown area. With this level of demand for commercial space, the previous assumptions of the city for approving 121A applications should be reexamined.<sup>1</sup>

One critical element in development in Boston is the conservatism of its lending institutions. Once the precedent was set within the city that tax concessions were being awarded, either in the form of 121A agreements or Preconstruction Tax Letters of Agreement, financial institutions were extremely reluctant to commit themselves to projects before being awarded similar concessions. As a result of the recent court order calling for 100% revaluation of property, tax letters are no longer binding and the lending institutions usually require a 121A agreement with the city before they will back a development. The present situation in Boston is that there is a great deal of demand in the market for commercial development, but absent other development incentives the city must approve a 121A application before any projects are going to get built.

Since the risks of investment in commercial property vary tremendously, the economic conditions present at the time of the original Prudential agreement, for example, do not approximate present conditions. Financial institutions are now more interested in the certainty of their tax liability than the amount of the tax subsidy. The need for a 121A agreement is thus based more on the uncertainty of the city's assessment practices than the financial constraints of the developer. John Sawyer, an attorney for the State's Department of Community Affairs, who is responsible for 121A's for the state said, "If tax rates had been equalized and if assessment practices were fair, the demand for

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<sup>1</sup> A survey done by the Building Owners and Managers Association of the Greater Boston Real Estate Board indicates that the vacancy rate for office space in downtown and Back Bay areas has been declining steadily and the demand for office space has increased sharply in the past year. It has been estimated that all remaining space will be absorbed by 1979. According to the national real estate consultant, John R. White, "local developers should be rushing to get building projects underway." White includes Boston in a number of cities that are the most likely candidates for new business growth.



a Chapter 121A agreement would be substantially lower." Sawyer also stated at a conference on tax incentives:

The point is that the first guy in, who takes the greatest risk, deserves a subsidy. The last guy in, in terms of his financing, deserves some stability but he doesn't necessarily deserve a subsidy. A 121A is flexible enough for a community to do that; to grant the subsidy to the first guy in and grant stability to the last guy in without giving him a subsidy.

Prior to the very recent changes in the city's policies regarding 121A's, the BRA and the city did not bargain nearly as effectively as they could have with developers on the question of the amount of payments-in-lieu-of-taxes. The figure used for all commercial developments, regardless of the individual characteristics of the projects, was first 20% and then 23% of effective gross income. Many of the projects built under Chapter 121A could have been financed with agreements on terms far more favorable to the city. Yet in negotiating 6A contracts the city simply stuck to the precedents which were set and granted much larger subsidies than were necessary. The city could have taken a tougher position with developers, such as the Charlestown Savings Bank and Jordan Marsh, who in all probability would have chosen to locate or remain in the downtown area regardless of the tax concessions granted by the city. Office developments on prime downtown land could also have been built, even if the city demanded more than the 23% of effective gross income as the payment in-lieu-of-taxes.

Although the city does not experience an actual loss in revenue as a result of granting tax concessions, (studies such as Peter Menconeri's analysis of 121A corporations and tax letters of agreement have shown that the payments-in-lieu-of-taxes made to the city are greater than the costs in services that the city must provide to the 121A project and are also greater than the tax revenues received by the city for the parcel prior to its redevelopment), the city, through its tax concessions to 121A corporations which limit the growth of its tax base is forcing older commercial and residential buildings to pay a higher





percentage of the total tax burden then they would assume if the same structures were built without 121A agreements. Since 121A payments to the city have been based on a fixed percentage of gross income, the payments do not reflect increases in the overall city tax rate. Unless the income from the project increases in an amount equal to the inflation rate, the city will receive progressively lower net payments from 121A developments. Agreements made prior to the emergence of the new standards do not adequately account for inflationary trends. The effect of this is that residential neighborhoods have and continue to bear the burden of any increase in the cost of the services the city must provide to the holders of such agreements. In contrast, however, 121A's reached subsequent to the guidelines address the issue of inflation more effectively.

Arguments have been made that the benefits, both direct and indirect, of granting tax concessions will outweigh the costs to the taxpayers in the long run. Ideally, it was assumed that Chapter 121A would help Boston to compete with other areas as a location for businesses and this would result in increased employment and demand for local products and services. This new economic growth would benefit the city's taxpayers through an increase in household income. Another benefit assumed to result from Chapter 121A was the redevelopment of blighted areas which would increase the property values surrounding the new development and thus the city's tax base. However, since it is impossible to calculate how much private investment would have occurred in Boston if the city had been unwilling to grant tax incentives to developers, no conclusive cost/benefit analysis of Chapter 121A has ever been done.

Because of changing economic and market conditions in Boston, it is critical that the city re-examine its development goals and its assumptions about using tax incentives to promote private investment. If the city will continue to toughen its position on the granting of chapter 121A agreements, financial institutions and private developers may realize that taxes are no longer a variable which they can manipulate. Edward Morris, Vice-President at the First



National Bank of Boston, recently told the Finance Commission that because the economics of the city have changed, his bank would no longer insist on a Chapter 121A agreement for "the right product in the right location." Economics being what they are, the integrity of the 121A process becomes increasingly important.

The most significant element of risk in private development in Boston is not due to uncertain market conditions or financial constraint. Rather, it is that risk associated with the inequitable and inconsistent assessing practices in the city. Until there is property tax reform in Boston, so that developers will have some certainty of their tax liability over the years, Chapter 121A will have to be used to some extent to promote private investment. If Chapter 121A continues to be widely used in Boston, guidelines should be firmly established which ensure that:

- 1) all proposals are reviewed on a consistent basis;

- 2) tax agreements are reached which grant the minimal tax incentive possible to make a project viable, and which treat similar properties in the same manner, and,

- 3) all 121A corporations are carefully monitored so that the city will receive its full share of payments-in-lieu-of-taxes.



## RECOMMENDATIONS

(1) The new guidelines are a good beginning in the attempt to set up a consistent process for reviewing 121A applications and for setting standards for their approval. The new system for negotiating the 6A tax agreements is also a vast improvement on the old system. However, it is essential that these guidelines be implemented and strictly enforced to ensure the equitable administration of the 121A process. Exceptions to the guidelines and procedures should be made only in exceptional circumstances when there is something unique about a proposed project requiring special consideration.

(2) Records of each stage of the application process should be maintained. Files should be kept on developers who express interest in submitting a final application but who drop out during the process.

(3) The guidelines for negotiating the 6A tax agreement between the developer and the city should be formalized so that both the public and the developer know what the standards are. In this way, any deviation would be obvious. (Refer back to pages 21-24). Developers would know from the beginning what sort of tax agreement would be possible. A system should be set up requiring that all deviations from the guidelines be subject to public scrutiny. In addition, efforts should be made to make all past and proposed 6A contracts open to the public and readily available for inspection.

(4) The city should hire an accountant to formally audit the financial records of all 121A entities since the inception of the Act to make sure that a) the city has received the full amount of in-lieu-of-tax payments and b) that no developer is earning more than the 8% return on investment. A report on the payments to the city of each 121A corporation should be issued each year for public inspection. The city should have access to all State and Federal Tax Forms so that the consistency of the figures can be confirmed.

(5) The city now has the opportunity to set a new precedent and tighten its requirements for approving projects. Projects in areas which have very good



market potential and limited risk should be critically analyzed. If the lending institutions in Boston understand that the city is no longer willing to grant tax deals to every new development, and has begun to consider the risk and potential impact of the project on the city, these institutions might be forced to loosen their own requirements, and fund projects which are economically attractive

(6) There is also a need for a statement of goals from the BRA and the city. Do they assume that all large-scale commercial development is beneficial to the city? Where should the city's priorities lie in terms of granting tax concessions? Should more attention be given to the possibilities of using 121A as a means of renovating the existing office space presently adversely affected by policies which give beneficial treatment to new developments? The possibilities of using 121A's for industrial development need to be explored. Also, almost all 121A projects, both residential and commercial, have been relatively large. Attention should be given to smaller developments and the rehabilitation of both older housing and business in the city's neighborhoods. 121A's may well be a viable instrument for promoting the revitalization of the residential communities.

By,

THE FINANCE COMMISSION

Jeffrey S. Lambert, Esq., Chairman

Frederick R.H. Witherby, Esq.

Barbara Cheney

William P. McDonough, Esq.

George Huggins





## APPENDIX A

10	121A ENTITY	LOCATION	TYPE/DEV.	EST/COST	D. U. S	FINANCING	APPROVAL DATES BRA MAYOR	6A SIGNED
1	Charlesbank Apartments	Whitney Street Project	Res	\$ 4,500,000	0	FHA 220	02/01/61 01/10/61	
2	Prudential Insurance Company	Prudential Ctr/Back Bay	Res Com	\$190,000,000	812	Equity/Investment	08/14/61 08/14/61	
3	Back Bay Towers, Inc.	Whitney Street Project	Res	\$ 3,500,000	146	FHA 220	06/27/62 07/18/63	
4	Jamaicaway Development Co.	Jamaica Plain	Res	\$ 6,700,000	282	FHA 220	02/27/63 04/11/63	
5	Stadium Apartments, Inc.	(dissolved)						
6	Buse Boston, Inc. (Academy Homes)	Washington Park Project	Res Com	\$ 3,332,883	202	FH, 221(d)(3)	05/01/63 05/09/63	
7	Waverly Apartments, Inc.	Allston	Res	\$ 2,475,900	103	FH, 221(d)(3)	11/19/64 08/03/65	
8	Warren Gardens, Inc.	Washington Park Project	Res Com	\$ 4,369,100	227	FHA 221(d)(3)	09/30/65 10/15/65	
9	Back Bay Manor Apartments, Inc.	Whitney Street Project	Res	\$ 6,193,600	288	FHA 220	04/28/66 04/28/66	
10	Trustees/Church Realty Trust	Fenway Project	Adm	\$ 8,000,000	0	Equity/Investment	06/02/66 08/16/66	
11	New Boston Food Market Development Corp.	South Bay Area	Com	\$ 9,000,000	0	SBA/Priv. Fin.	08/02/67 09/05/67	
12	St. Joseph Homes, Inc.	Washington Park	Res	\$ 2,625,000	138	FHA 221(d)(3)	04/11/68 05/01/68	
13	Car-Field, Inc.	South End Project	Res	\$ 2,520,000	135	FHA 221(d)(3)	09/19/68 09/30/68	
14	Westminster Place, Inc.	South End Project	Res	\$ 2,087,000	110	FH \ 221(d)(3)	10/03/68 10/16/68	
15	Willard Place, Inc.	South End Project	Res	\$ 3,100,000	153	FHA 221(d)(3)	10/03/68 10/16/68	
16	Jewish Community Housing/Elderly	Brighton	Res	\$ 5,600,000	340	CFA Section 202	10/31/68 11/21/68	
17	Roxse Homes, Inc.	South End Project	Res	\$ 8,830,400	364	FHA 221(d)(3)	11/07/68 11/21/68	
18	Columbus Avenue Housing Corp.	South End Project	Res	\$ 3,084,000	140	FHA 221(d)(3)	11/07/68 11/21/68	
19	CharlesNEWtown, Inc.	Charlestown Project	Res	\$ 5,756,100	262	FHA 221(d)(3)	01/23/69 02/21/69	
20	Charlesview, Inc.	North Harvard Project	Res	\$ 4,400,000	200	FHA 221(d)(3)	03/20/69 04/08/69	
21	Tremont Homes, Inc.	South End Project	Res	\$ 1,640,000	82	FHA 221(d)(3)	05/07/69 05/22/69	
22	Port Development Co., Inc.	East Boston	Com	\$ 8,000,000	0	Conventional	07/28/69 01/00/70	
23	Northern Assurance Co. of America	Beacon/Tremont Street	Com	\$ 55,000,000	0	Equity/Investment		
24	a/k/a Employers Commercial (take over, St. Joseph's Homes)							
25	Tai Tung Apartments Co.	South Cove Project	Res	\$ 7,276,678	214	FHA 221(d)(3)	05/07/70 06/02/70	
26	Rutland Housing Associates	South End Project	Res	\$ 1,150,000	44	FHA 221 (d)(3)	09/03/70 09/29/70	
27	Franklin Square Apartments (take over, Back Bay Towers)							
28	E.T.C. Corporation	South End Project	Res	\$ 1,407,000	71	FHA 236	01/21/71 02/01/71	
29	Mass. Pike Towers	South Cove Project	Res	\$ 6,400,000	200	FHA 236	02/25/71 03/01/71	
30	Morville House	Fenway Project	Res	\$ 3,067,905	147	FHA 236	09/30/71 10/12/71	
31	Ebenezer Homes, Inc.	South End Project	Res Rehab	\$ 545,620	32	MHFA	12/16/71 01/06/72	
32	Lower Roxbury Development Corporation	Campus High Project	Res	\$ 8,175,617	283	MHFA	02/10/72 02/18/72	
33	Jewish Community Housing/Elderly II, Inc.	Brighton	Res	\$ 5,350,000	256	CFA Section 202	03/30/72 04/12/72	
34	Newcastle Associates	South End Project	Res	\$ 1,748,400	105	MHFA	07/20/72 08/04/72	
35	Summer Street Realty Corp.	South Station	Com	\$ 35,000,000	0	Equity/Investment	02/22/73 03/01/73	
36	Rockingham Glen	West Roxbury	Res	\$ 3,400,000	141	MHFA	04/05/73 04/12/73	
37	Chauncy House Co.	Downtown Boston	Res Com	\$ 1,220,000	87	FHA 236	04/19/73 05/01/73	



10	121A ENTITY	LOCATION	TYPE/DEV.	EST/COST	D. U. S	FINANCING	APPROVAL DATES		6A SIGNED
							BRA	MAYOR	
38	Tenants' Dev. Corp. & Wingate Dev. Corp.	South End Project	Res	\$ 4,124,000	185	FHA 236	06/28/73	07/12/73	
39	101 Commonwealth Associates	Boston	Res	\$ 3,139,000	97	MHFA	11/08/73	11/21/73	
40	Concord Houses Associates	South End Project	Res	\$ 4,487,000	181	FHA 236	11/08/73	11/21/73	
41	Vivendas Associates	South End Project	Res	\$ 5,329,444	181	FHA 236	08/15/74	08/26/74	
42	East Boston Community Associates	East Boston	Res	\$ 2,355,839	96	MHFA/Private	10/31/74	11/22/74	
43	Mercantile Wharf Associates	Waterfront Project	Res	\$ 4,765,000	121	MHFA/Private	11/14/74	11/26/74	
44	Quincy Tower Associates	South Cove Project	Res	\$ 5,167,000	162	MHFA/Private	11/21/74	11/27/74	
45	Franklin Park Associates	Roxbury/Dorchester	Res	\$ 5,989,928	228	MHFA/Equity	11/21/74	11/27/74	
46	Waters & Company	South End Project	Res	\$ 234,120	8	MHFA	12/05/74	12/26/74	
47	Gardner Apartments Associates	Campus High Project	Res	\$ 1,353,812	49	MHFA	12/19/74	12/26/74	
48	St. James Co.	South End Project	Res	\$ 3,300,000	182	MHFA	03/06/75	03/12/75	
49	Jamaica Plain Associates	Jamaica Plain	Res	\$ 4,540,000	147	MHFA	04/03/75	05/08/75	
50	Charlestown Savings Bank	Downtown Boston	Com	\$ 9,000,000	0	Private	05/01/75	05/16/75	
51	Al Jordan Realty Corp.	Downtown Boston	Com	\$ 34,000,000	0	Conventional	05/01/75	06/10/75	
52	Conway Court Associates	Roslindale	Res	\$ 728,000	28	MHFA	06/12/75	07/11/75	
53	Jewish Community Housing/Elderly III, Inc.	Brighton	Res	\$ 5,750,000	212	MHFA	07/10/75	08/05/75	
54	Anderson Street Associates	West End	Res	\$ 2,250,000	89	MHFA/Private	07/10/75	09/25/75	
55	Mission Park Corp.	Mission Hill	Res	\$ 44,416,209	774	MHFA	07/30/75	10/20/75	
56	Woodbury Cunard Associates	East Boston	Res	\$ 1,198,253	41	MHFA	10/09/75	12/08/75	
57	Medical Area Total Energy Plant, Inc.	Fenway Project	Com	\$ 56,410,000	0	Conventional	09/25/75	09/30/75	
58	Blackstone Co.	West End	Res	\$ 5,760,000	176	MHFA	09/25/75	09/30/75	
59	Symphony Plaza East	Fenway Project	Res	\$ 5,920,000	188	MHFA	09/25/75	09/30/75	
60	Symphony Plaza West	Fenway Project	Res	\$ 6,730,000	216	MHFA	07/10/75	10/20/75	
61	Headstart Housing Associates	South End Project	Res	\$ 4,835,416	156	Section 8 CD	10/09/75	10/31/75	
62	Victory Gardens Associates	East Boston	Res	\$ 2,401,572	87	MHFA/Private	10/09/75	10/20/75	
63	Reservoir Towers Associates	Brighton	Res	\$ 9,660,244	242	MHFA/Private	11/20/75	12/08/75	
64	Bowdoin School Associates	Downtown Boston	Res	\$ 993,958	35	MHFA/Private	12/04/75	12/23/75	
65	Borinquen Associates	South End Project	Res	\$ 1,150,000	36	MHFA	05/06/76	05/24/76	
66	Back Bay Restaurants, Inc.	Back Bay	Res	\$ 2,225,000	86	Private	09/09/76	09/13/76	
67	Ausonia Homes Associates	Waterfront Project	Res	\$ 5,800,000	151	Section 236	06/09/77	07/19/77	
68	Madison Park III Associates	Campus High Project	Res	\$ 6,029,672	120	MHFA	06/09/77	07/19/77	
69	(take over, Lower Roxbury Dev. Corp.)	Campus High School	Res	\$ 3,258,977	132	MHFA	06/09/77	07/19/77	
70	(take over, Lower Roxbury Dev. Corp.)	Campus High Project	Res	\$ 4,368,200	131	MHFA	06/09/77	07/19/77	
71	(take over, Lower Roxbury Dev. Corp.)	Dorchester	Res	\$ 2,717,556	88	MHFA	07/28/77	08/08/77	
72	Woodledge Associates	Dorchester	Res	\$ 4,081,943	142	MHFA	07/28/77	08/08/77	
73	Cottage Brook Associates	Roxbury/Dorchester	Res	\$ 4,730,760	147	MHFA	07/28/77	08/08/77	
74	175 Federal Street Associates	Central Business District	Com	\$ 16,120,000		Private	12/22/77	12/21/77	



ID	121A ENTITY	LOCATION	TYPE/DEV.	EST/COST	D.U.s	FINANCING	APPROVAL DATES		6A SIGNED
							BRA	MAYOR	
75	MTV Associates	Downtown Boston	Res Com	\$ 600,000	6	Private	02/02/78	03/08/78	09/22/77
76	Mason Place Co.	Downtown Boston	Res	\$ 3,000,000	129	MHFA/GNMA	03/09/78	04/06/78	01/05/78
77	Edison Green Associates	Dorchester	Res	\$ 3,228,579	108	MHFA	03/09/78	05/04/78	02/16/77
78	One Beacon Street (take over, Northern Insurance Company)	Downtown Boston	Com	\$ 77,400,000		Private	03/23/78	04/06/78	11/23/77
79	Exeter Towers Associates	Back Bay	Res Com	\$ 4,709,594	96	HUD Mortgage	03/23/78	04/06/78	12/15/77
80	Immoblitare New England	Charlestown Project	Res Com	\$ 75,000,000	649	Private	04/13/78	05/09/78	03/09/78
81	Schoolhouse '77 Associates	Roxbury/Mattapan	Res	\$ 5,092,027	118	FHA Mortgage	04/13/78	05/04/78	01/19/78
82	Weid Park Associates	Roslindale	Res	\$ 525,000	14	Private	05/28/78	06/13/78	05/11/78
83	Peterborough Housing Associates	Fenway Project	Res	\$ 6,705,900	220	FHA Mortgage	06/08/78	07/12/78	02/16/78
84	Casa Maria Housing Corporation	Fenway Project	Res	\$ 2,797,000	75	HUD Mortgage	07/20/78	09/13/78	08/08/78
85	Woodbourne Community Housing Corp.	North End	Res	\$ 2,900,000	75	HUD Mortgage	08/03/78	09/05/78	06/22/78
86	Keystone Apartments Co.	Jamaica Plain	Res	\$ 9,239,716	223	FHA Mortgage	10/05/78	10/26/78	08/17/78
87	Charlestown EDC/John Harvard School	Dorchester	Res	\$ 1,145,000	30	HUD Mortgage	11/16/78	11/28/78	10/19/78
88	Stearns Company	Charlestown Project	Res	\$ 3,000,000	140	MHFA	11/16/78	12/29/78	09/21/78
89	Fenway Artists Studios	140 Tremont Street	Res	\$ 650,000	47	Private	12/28/78	12/29/78	
90	Blake Estates Associates	Hyde Park Avenue (HP)	Res	\$ 6,330,333	175	MHFA	01/18/79	02/02/79	
91	Servicenter, Inc.	Int. Brookline Ave. Fenwood Rd., Francis, Binney St.	Int Com	\$ 9,890,000	0	Private			
92	Commercial Building Trust	126-144 Commercial St.	Res Com	\$ 1,500,000	34	Private	02/01/79	03/20/79	
93	Taurus at Fountain Hill	St. James & Akron St.	Res	\$ 3,270,000	73	MHFA	03/15/79	04/11/79	
94	Marcus Garvey Associates	Roxbury Eliot Sq., Highland, Norfolk St.	Res Com	\$ 6,184,650	161	MHFA	05/03/79		
95	St. Botolph Terrace Associates	351-367 Mass.Ave./Fenway	Res Rehab	\$ 1,746,250	52	MHFA/GNMA	05/03/79		
96	Hemenway Apartments Co.	97 & 141-149 Hemenway, 491, 497, 499, 873, 875, 877 Huntington Ave.	Res Rehab	\$ 6,688,889	183	MHFA	05/03/79		
97	Boston Rehabilitation Associates	94-98 Chester, 66 The Fenway, 1391-1395 Comm. Ave., 15 Royce Rd.	Res Rehab	\$ 4,200,000	129	Private	04/12/79	04/30/79	

3/19/78  
3/19/78  
3/19/78





Appendix B

1972 to current

121A APPLICATIONS PENDING OR DISAPPROVED

<u>SPONSOR</u>	<u>LOCATION</u>	<u>TYPE OF DEVELOPMENT</u>	<u>ESTIMATED COST</u>	<u>NO. OF D.U.'s</u>	<u>FINANCING</u>	<u>DISPOSITION</u>
C. A. Associates	West Roxbury	Residential	\$ 4,235,000	199	F.H.A.	9/21/72 - Disapproved
Roxbury Action Program n/k/a Marcus Garvey Associates	Roxbury	Residential	4,000,000	122	M.H.F.A.	7/30/75 - Currently in Mayor's Office awaiting approval
<del>Edison Green Assocs.</del>	<del>Dorchester</del>	<del>Residential</del>	<del>3,228,579</del>	<del>113</del>	<del>M.H.F.A.</del>	<del>7/30/75 - Report and Decision Tabled</del>
Oak Square Associates	Brighton	Residential	2,562,000	86	M.H.F.A.	11/ 6/75 - Disapproved
Riverbank Associates	Hyde Park	Residential	3,350,000	104	M.H.F.A.	2/14/76 - Disapproved
Life Center Associates	South Cove	Residential	3,732,600	120	Sec. 236	4/15/76 - Tabled





